Solano Transportation Authority

. . . working for you!

SOLANO TRANSPORTATION AUTHORITY

Member Agencies:
Benicia ♦ Dixon ♦ Fairfield ♦ Rio Vista ♦ Suisun City ♦ Vacaville ♦ Vallejo ♦ Solano County

One Harbor Center, Suite 130, Suisun City, CA 94585-2473 ♦ Telephone (707) 424-6075 / Facsimile (707) 424-6074
Email: staplan@sta-snci.com ♦ Website: solanolinks.com

Elected Representatives
Mike Iokemides, City of Benicia
Kay Cayler, City of Dixon
Rick Vicarro, City of Fairfield
Jack Krebs, City of Rio Vista
Mike Hudson, City of Suisun City
Dilenna Harris, City of Vacaville
Erin Hannigan, City of Vallejo
Linda Seifert, County of Solano

Residential Developers
Nick Faklis, AG Spanos Company
Jay Torres-Muga, Seeno Homes
Mike Rice, Main Street West Partners, LLC
Anthony Russo, B & L Properties
Fran Spero, Solano/Napa Habitat for Humanity

Agricultural, Business, Environmental and Taxpayers Groups
Mike Amman, Solano EDC
Amanda Brown-Stevens, Greenbelt Alliance
Larry Clement, Solano Farm Bureau
Jim Immer, Lewis Planned Communities & Home Builders Association of Northern CA
Jim Williams, Solano County Taxpayers Association
(one vacant seat remaining)

Commercial & Industrial Developers
Bob Hammons, Garaventa Properties
Troy Estacio, Buzz Oates Enterprises
Jason Quintel, Panattoni Development
(one vacant seat remaining)

Engineers & Brokers
Robert Jones, Creegan & D'Angelo Engineering
Brooks Pedder, Colliers International
Tom Philippi, Phillippi Engineering

Mixed Use/In-Fill Developers
Ricardo Capretta, Westrust
Curt Johansen, Triad Communities

Environmental Justice Representative
Mary Frances Kelly Poh, Benicia Community Action Council

Transit Provider
Crystal Odum Ford, Vallejo Transit

REGIONAL TRANSPORTATION IMPACT FEE (RTIF) STAKEHOLDERS COMMITTEE

1:30 p.m. – 3:00 p.m.
Thursday, September 24, 2009

Suisun City Hall Council Chambers
701 Civic Center Drive
Suisun City, CA 94585

The purpose of this committee will be to review the study and development of a proposed Regional Transportation Impact Fee (RTIF) on new development (e.g., new homes, businesses, and industry) to help fund transportation projects in Solano County.

ITEM	STAFF/CONSULTANTS
I. PURPOSE OF THE RTIF STAKEHOLDERS COMMITTEE	Daryl Halls, STA, Executive Director
II. CALL TO ORDER, SELF INTRODUCTIONS	Robert Macaulay, STA, Director of Planning
III. INFORMATION ITEMS	
A. Introduction to Development Impact Fees and Solano County Housing Economic Analysis	Walter Kieser, Economic Planning Systems
B. STA Regional Transportation Impact Fee (RTIF) Nexus Study Work Plan	Walter Kieser, Economic Planning Systems
C. RTIF Nexus Study Committee Meeting Schedule	Sam Shelton, STA, Project Manager
IV. STAKEHOLDERS ROUNDTABLE DISCUSSION	Walter Kieser, Economic Planning Systems

V. ADJOURNMENT
The next regular meeting of the Regional Transportation Impact Fee (RTIF) Stakeholders Committee is scheduled for **Thursday, October 22, 2009, 1:30 p.m., Suisun City Hall Council Chambers.**

The complete STA Regional Transportation Impact Fee (RTIF) Stakeholders Committee meeting packet is available on STA's Website at www.solanolinks.com. For more information regarding the STA's RTIF Nexus Study, please contact Sam Shelton at sshelton@sta-snci.com or at (707) 424-6075.

Solano Regional Transportation Impact Fee Nexus Study

The Economics of Land Use

EPS

Berkeley
Sacramento
Denver

FEHR & PEERS
TRANSPORTATION CONSULTANTS

MARK THOMAS & COMPANY, INC.
Providing Engineering, Surveying and Planning Services

presented to

Regional Transportation Impact Fee (RTIF) Stakeholders Committee

September 24, 2009

Economic & Planning Systems, Inc.
2501 Ninth Street, Suite 200, Berkeley, CA 94710
510.841.9190 • 510.841.9208 fax

Presentation Overview

- Consultant Team Introduction and Relevant Experience
- Agenda Item 3A: Development Impact Fees and Solano County Economic Context
  - Impact Fee Overview
  - Economic Context and Impact of Fees
- Agenda Item 3B:STA Regional Transportation Impact Fee (RTIF) Nexus Study Work Plan
  - RTIF Study Process and Approach
  - RTIF Scope of Work
  - Next Steps

Team Roles

Economic & Planning Systems, Inc.

Manage team and deliverables; calculate fees and prepare Nexus Study; lead public presentations

Key Staff

Walter Kieser, Principal-in-Charge
Jason Moody, Project Manager
Eileen Tumalad, Associate

Fehr & Peers

Traffic modeling and analysis; Regional network analysis

Key Staff

Ron Milam, Principal-in-Charge
Julie Morgan, Project Manager
Mike Wallace, Lead Modeler

Mark Thomas & Company, Inc.

Project cost estimates

Key Staff

Michael Lohman, Principal-in-Charge
Sasha Dansky, Project Manager
Karsten Adam, Senior Project Engineer
Carmen Yong, Project Engineer

Team Experience – Regional Fee Programs

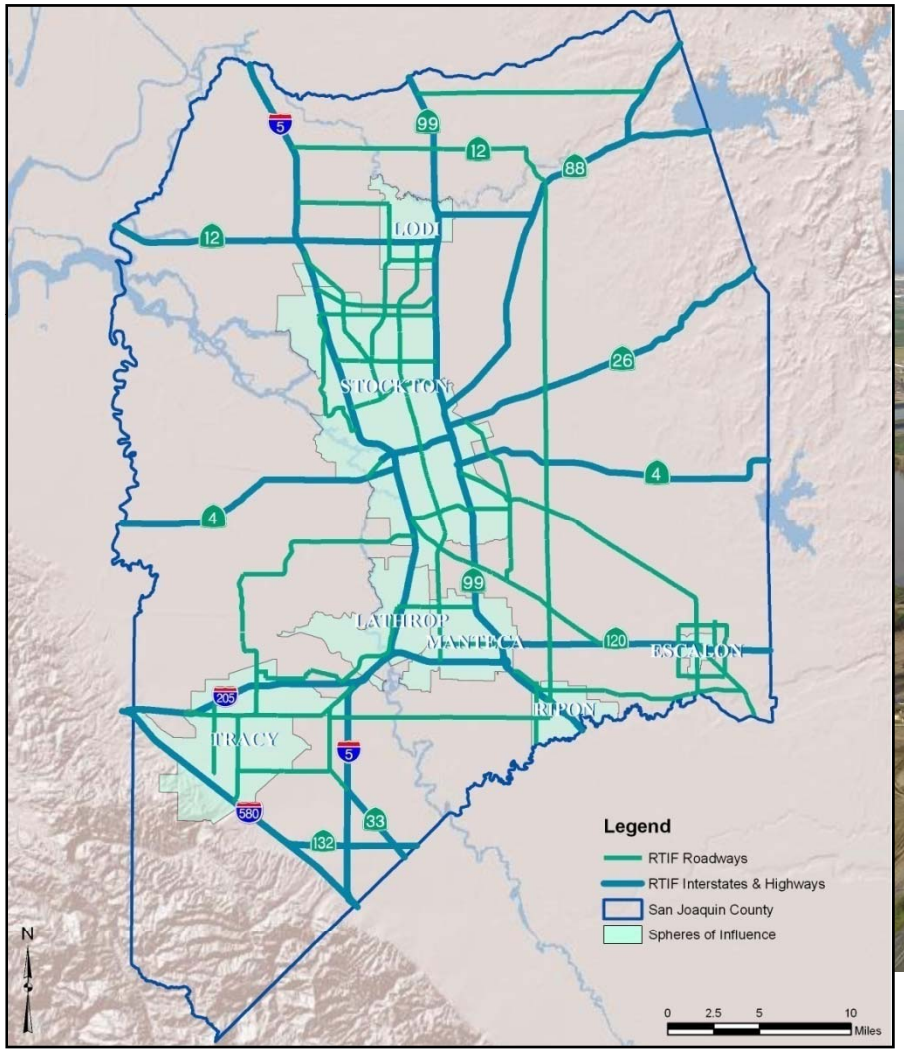
Other RTIFs

- San Joaquin County Regional Transportation Impact Fee Program (EPS and F&P)
  - $20 million in fee revenue since 2006
- Ukiah Valley Regional Transportation Impact Fee Program (EPS and F&P)
  - Nexus Study accepted by regional agencies
- East Contra Costa County Regional Transportation Fee Program (EPS and F&P)
  - $70 million in fee revenue

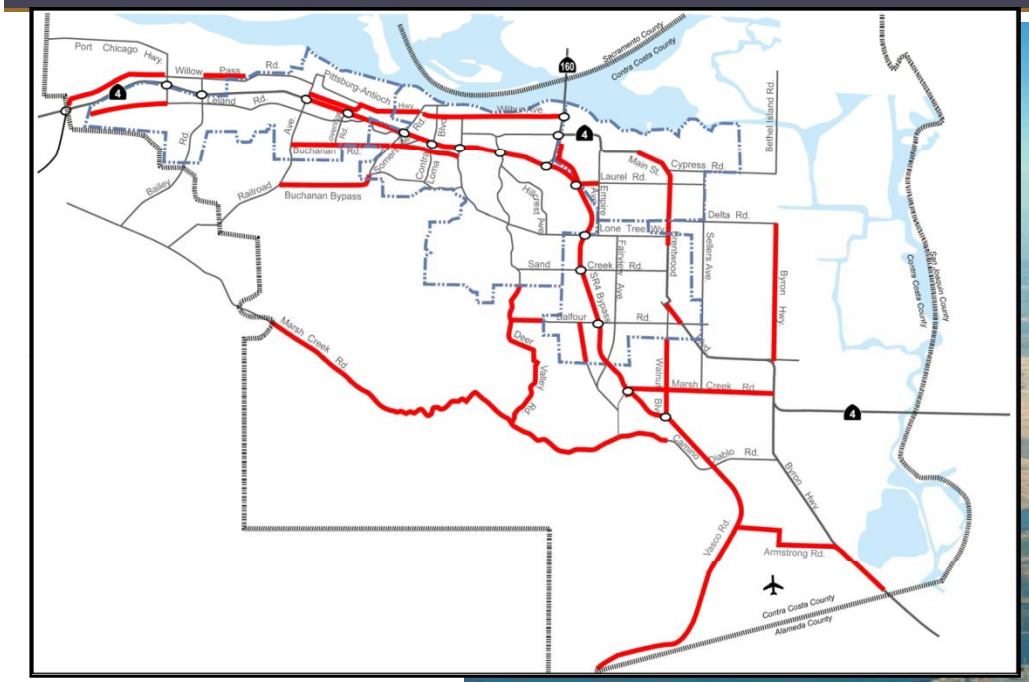
Solano County Experience

- I-80/I-680/SR 12 Interchange PR/ED (Mark Thomas/F&P)
- I-80 HOV Lanes PR/ED, Plans, Specifications, and Estimate (Mark Thomas/F&P)
- Fairfield Train Station Specific Plan and EIR (F&P)
- I-80/American Canyon Road Interchange, Vallejo (F&P)
- Jepson Parkway Plan Line and Costs (Mark Thomas)
- North Texas Overcrossing, Interchange & Nelson Road Realignments (Mark Thomas)
- I-80/Allison Blvd. Interchange/Overcrossing (Mark Thomas)
- I-80 Corridor Transportation and Land Use Analysis (EPS)
- City of Fairfield Development Impact Fee Study & Update (EPS)

San Joaquin RTIF Transportation Network



East Contra Costa Regional Fee Network



Agenda Item 3A:
Introduction to Regional Transportation Impact Fee and Solano County Economic Context

Regional Transportation Impact Fee Overview

- What is an RTIF? A multi-jurisdiction fee intended to cover a portion of the costs for new transportation facilities required to serve new development within the County.
- Who pays the RTIF? Developers at the time of building permit issuance, filing of subdivision map, or certificate of occupancy
- How are fees levels determined? Maximum allowable fee determined by legal nexus (i.e., AB 1600). Actual fee determined by economic and policy considerations.

Regional Transportation Impact Fee Overview (cont'd)

- Who administers the RTIF? Local jurisdictions will collect the fees but a variety of options exist for program implementation.
- Who approves the RTIF? Must be individually approved by the City Council/Board of Supervisors of participating jurisdictions.

RTIF and the Solano Regional Context

- Solano County is centrally located within the northern California “mega-region.”
- The prosperity of individual communities in the County will depend on their performance in the broader regional economy.
- An effective regional transportation network is critical to continued economic growth in the County (about 70% of employed County residents work outside their jurisdiction, 60% leave County, up from 2000).

RTIF and the Solano Regional Context (cont'd)

- An RTIF can be an effective funding source for regional-serving transportation infrastructure
- An RTIF can leverage other funding sources and set framework for multi-jurisdictional planning and collaboration

Key “rules” for RTIF Funding (STA)

1) RTIF can only fund capital facilities and improvements

- Fees cannot fund ongoing or O&M costs

2) RTIF cannot be used to address “existing deficiencies”

- Fee can only fund new development’s “fair share” of total project cost, based on a rational “nexus” test.

3) RTIF must exclude costs for “external” or “through” traffic

- Fees cannot fund the costs of capital facilities attributable to trips that begin AND end outside the County.

4) RTIF revenue must ultimately be used to build designated projects

- If not, the City/County or other implementing agencies must return the fee money to developers/property owners.

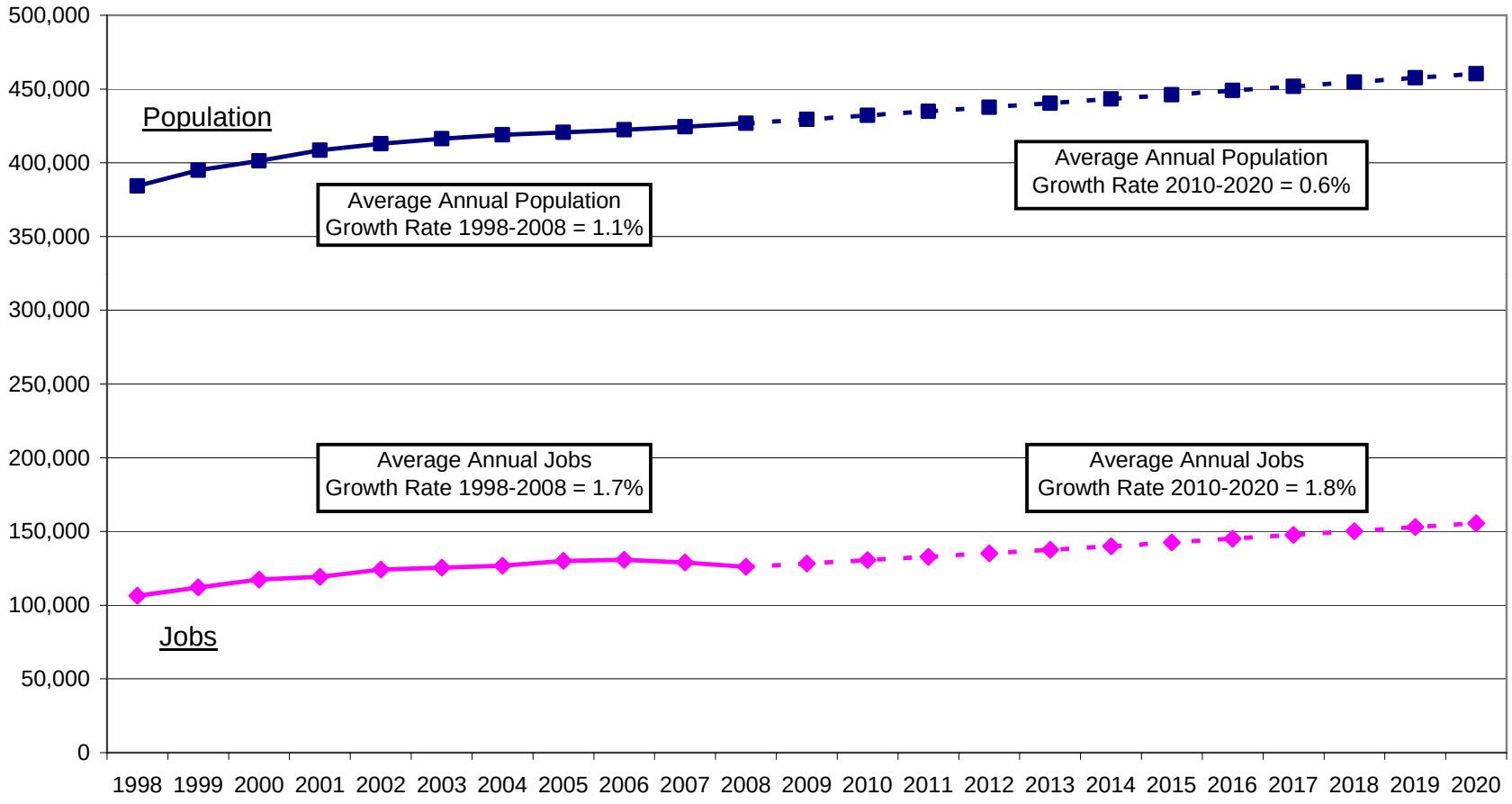
Economic Context for RTIF

- Current recession has severely affected real estate markets and development activity.
- Solano County will continue to experience population growth through 2020 but at rates below recent trends.
- The County's employment growth rate through 2020 will slightly exceed levels experienced over the last 10 years.

Economic Context for RTIF (cont'd)

- Regional economic interdependence and linkages will continue to grow, increasing importance of regional mobility.
- Long-term impacts of the current recession and economic restructuring may alter development patterns, including location, density, and mix of new development.

Economic Context: County Population and Job Trends



Sources: California Department of Finance; Employment Development Department; ABAG Projections 2009.

* Projections are calculated based on average annual growth rates from ABAG Projections 2009.

Economic Impact of Fees

- Use of fee programs has increased over recent years for a wide range of public facility improvements.
- Development impact fees charged by cities, counties, and other local jurisdictions, increase the cost of development.
- Development impact fees affect the feasibility of new development and/or property values, although a variety of other cost factors can weigh more heavily.
- Given current market conditions (low prices and poor credit markets), most types of new development in most Solano County locations are infeasible, regardless of fee levels.

Role of Fees in Development Feasibility

Final Sales Price

- **Market Derived**

Minus

Development Costs and Profit

(85% - 95%)

Equals

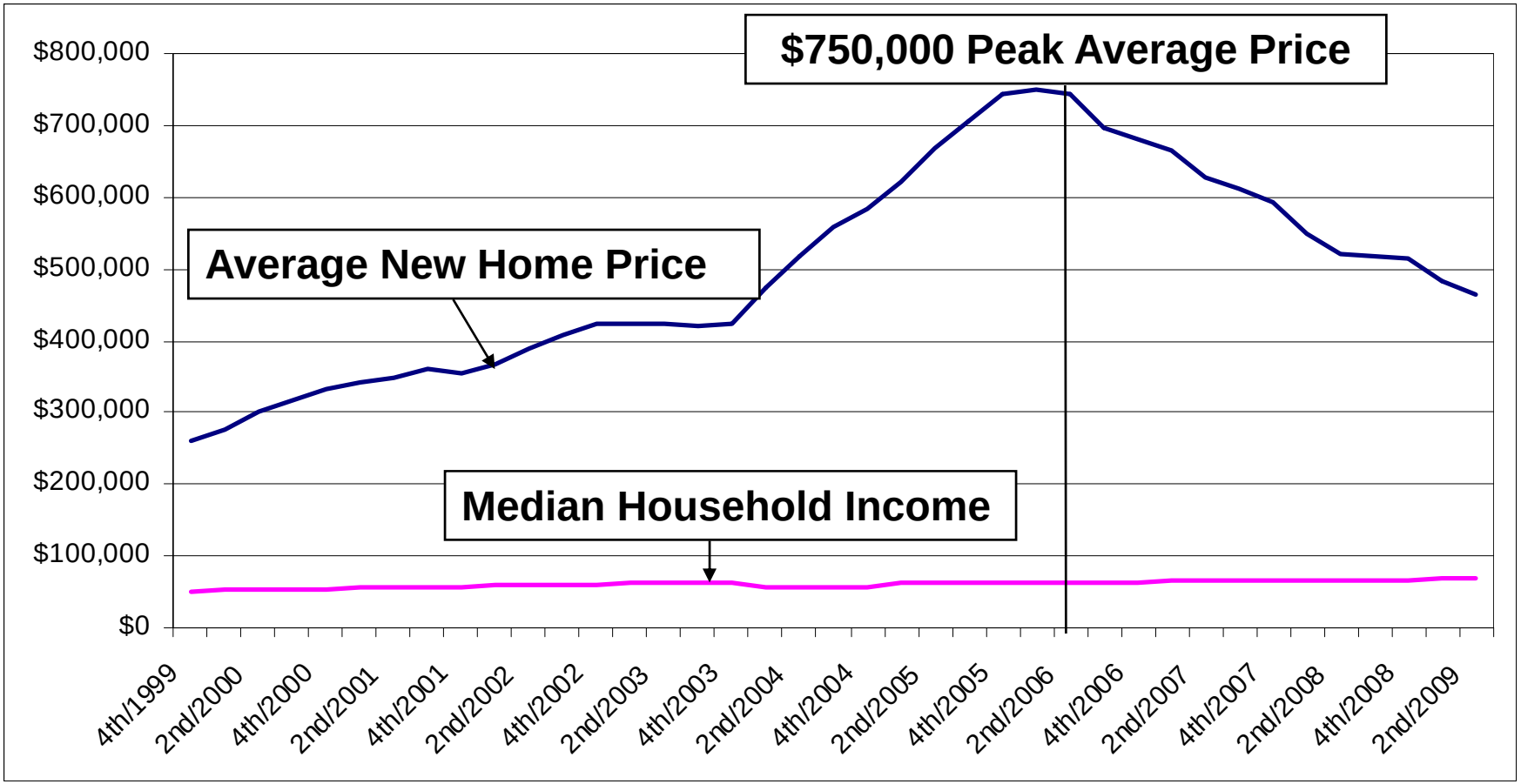
Residual Land Value (5% - 15%)

- **Development Costs (70% - 80%)**
  - ***Impact Fees (1 – 5%)***
  - **Backbone Infrastructure (10 – 20%)**
  - **Environmental Mitigation (0 – 5%)**
  - **Architecture & Engineering (3 – 6%)**
  - **Construction Hard Costs (40 – 55%)**
  - **Marketing and Financing Costs (5 – 10%)**
  - **Entitlement Costs (5 – 10%)**
  - **Contingencies (5 – 10%)**
- **Builder/developer Profit (10 – 25%)**

Trends in Housing Prices Affect Fee Burdens

- Housing price increases experienced in the early part of the decade were unsustainable and will not likely be achieved in the future (even with economic recovery).
- Long-term housing price increases depend on a reasonable relationship with job growth and increases in personal income.
- Maximum aggregate development impact fee levels will be affected by the new moderated price trends.
- Going forward, builders and public agencies need to work together to assess expectations, responsibilities, and priorities for public facilities, including regional transportation infrastructure, to ensure an equitable allocation of costs.

Estimated Average New Home Price and Median Household Income: Solano County[1]

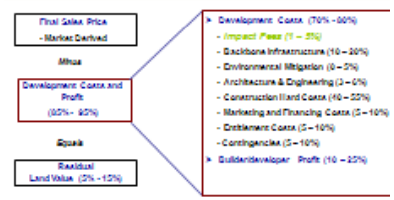


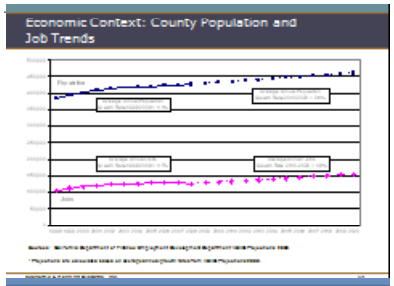
Source: The Gregory Group, US Census, Census 2000, American Community Survey, Estimates by The Gregory Group (Income 1999, 2001, 2008 and 2009).
Prepared by The Gregory Group

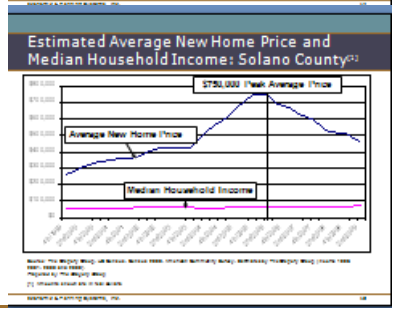
[1] Amounts shown are in real dollars.

Questions so far?

- Regional Transportation Impact Fees (RTIF)
- Solano County Economic Fee context
- Role of Fees in Development Feasibility
- Trends in how Housing Prices Affect Fee Burdens
- Trends in median income and housing prices







Agenda Item 3B:
STA Regional Transportation Impact Fee Nexus Study Work Plan Study Process Overview Chart

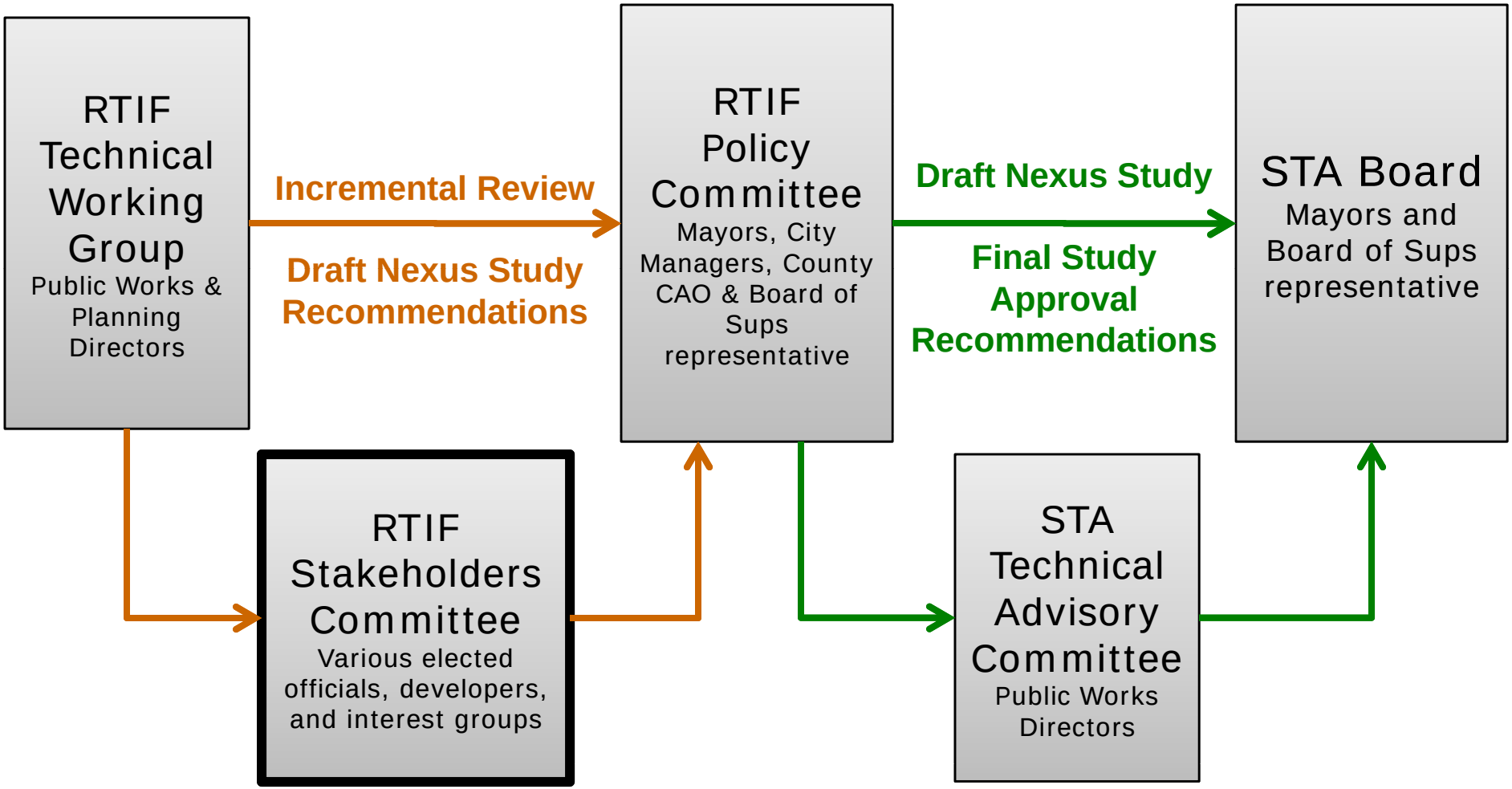
RTIF Study Process and Approach

- Link/coordinate with existing processes and programs (e.g., RTIF Governance Authority, STA Modeling TAC, County Nexus Study)
- Obtain guidance and input from stakeholders through a transparent, inclusive, and iterative study process
- Establish agreement among stakeholders on guiding principles and objectives
- Clearly distinguish between policy issues and technical analysis

RTIF Study Process and Approach (cont'd)

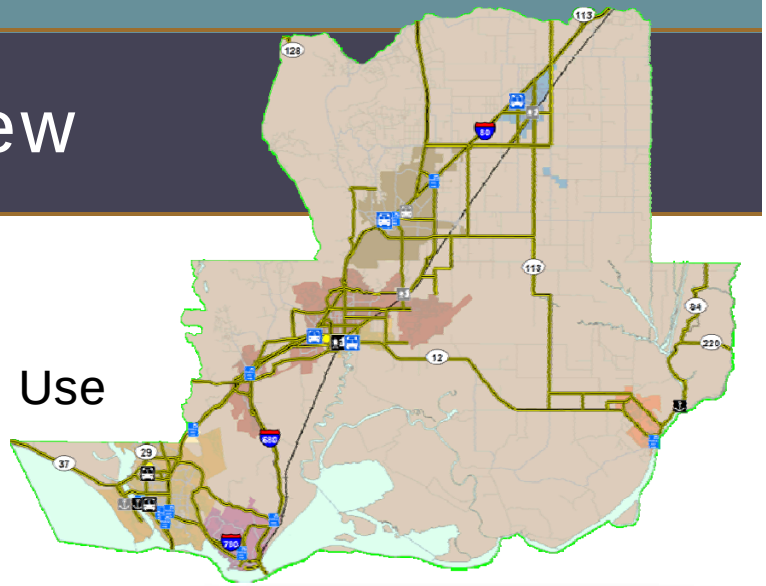
- Establish technical milestones related to data sources, assumptions, and methodology
- Assess/address economic and equity issues
- Produce technically/legally sound RTIF Nexus report
- Address challenges related to implementation (approval process) and on-going management of RTIF

Overview of study approval process

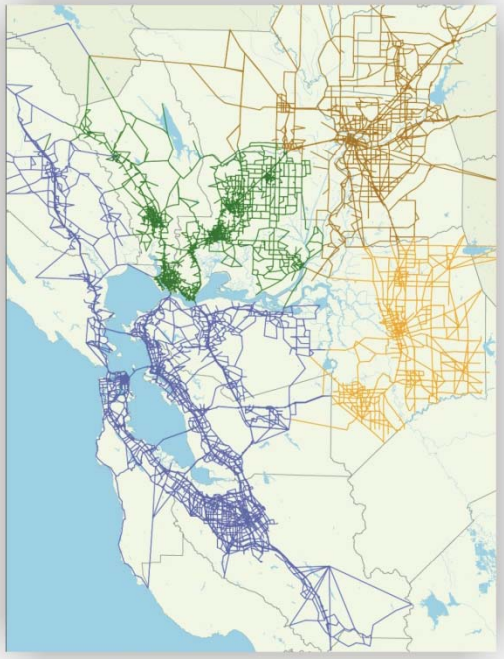


The purpose of **Stakeholders committee** will be to review the study and development of a proposed Regional Transportation Impact Fee (RTIF) on new development (e.g., new homes, businesses, and industry) to help fund transportation projects in Solano County.

RTIF Scope of Work Overview



1. Define RTIF System Network
2. Validate Transportation Model and Land Use
3. Perform Model Analysis
4. Develop Capital Project Criteria
5. Review program implementation options
6. Formulate RTIF project list and costs
7. Develop Cost Allocation Methodology
8. Calculate Preliminary Fee Schedule
9. Prepare Nexus Report and Economic Analysis
10. Assist with RTIF Implementation



Next Steps in RTIF Study Process

- Incorporate input and direction from Stakeholders.
- Prepare background memorandum on preliminary assumptions and approach.
- Conduct technical analysis and prepare “milestone” deliverables.
- Participate in additional STA working group, Policy Committee, and stakeholder meetings.
- Formulate Preferred RTIF implementation program.
- Submit Draft Nexus Report for review and comment.
- Assist with jurisdictional approval process.

Solano Transportation Authority

Regional Transportation Impact Fee (RTIF), Summary of Meetings and Discussion Items

DRAFT, 09-15-09

	Technical Working Group (2nd Thurs)		Stakeholder Committee (4th Thurs)		Policy Committee (2nd Weds)	
2009	**Date**	**Items**	**Date**	**Items**	**Date**	**Items**
April	04-01-09	• Intro to EPS • Draft Timeline • Modeling Update • Local Impact Fee Projects			04-08-09	• Board Approves RTIF Outreach
May					05-04-09	• Intro to EPS • Draft Timeline • Recommend Governance Model to STA Board • Adopts Stakeholder committee
June						
July	07-22-09	• Review Capital Project Criteria • Modeling Update				
Aug	08-19-09	• Review revised Capital Project Criteria • Modeling Update				
Sept			09-17-09	• Intro to EPS, Draft Timeline • Collect Concerns		
Oct	10-08-09	• Review revised Capital Project Criteria • Modeling Update • Review Program Implementation Options	10-22-09	• Review revised Capital Project Criteria • Review Program Implementation Options		
Nov					11-13-09 or late Oct	• Review revised Capital Project Criteria • Review Program Implementation Options
Dec	12-10-09	• <u>Recommend Capital Project Criteria</u> • <u>Recommend Program Implementation Options</u> • Review draft RTIF Project List & Costs based on criteria	12-17-09	• <u>Recommend Capital Project Criteria</u> • <u>Recommend Program Implementation Options</u> • Review draft RTIF Project List & Costs based on criteria		

	Technical Working Group (2nd Thurs)		Stakeholder Committee (4th Thurs)		Policy Committee (2nd Weds)	
2010	**Date**	**Items**	**Date**	**Items**	**Date**	**Items**
Jan					01-13-10	• Recommend Capital Project Criteria • Recommend Program Implementation Options • Review draft RTIF Project List & Costs based on criteria
Feb	02-11-10	• Recommend RTIF Project List & Costs • Review Cost Allocation Method • Review preliminary Fee schedule	02-25-10	• Recommend RTIF Project List & Costs • Review Cost Allocation Method • Review preliminary Fee schedule		
Mar					03-10-10	• Recommend RTIF Project List & Costs • Review Cost Allocation Method • Review preliminary Fee schedule
Apr	04-08-10	• Recommend Cost Allocation Method • Recommend preliminary Fee schedule	04-22-10	• Recommend Cost Allocation Method • Recommend preliminary Fee schedule		
May					05-12-10	• Recommend Cost Allocation Method • Recommend preliminary Fee schedule
June	06-10-10	• Review Draft Nexus Study Report	06-10-10	• Review Draft Nexus Study Report		
July					07-14-10	• Review Draft Nexus Study Report
Aug	08-12-10	• Recommend Draft Nexus Study Report	08-26-10	• Recommend Draft Nexus Study Report		
Sept					09-08-10	• Recommend Draft Nexus Study Report
Oct	10-14-10	• Assist with RTIF Implementation	10-21-10	• Assist with RTIF Implementation	10-13-10	• Assist with RTIF Implementation